

# Ausbil Australian Emerging Leaders Fund

Monthly performance update

August 2023

Ausbil Investment Management Limited  
ABN 26 076 316 473  
AFSL 229722  
Level 27  
225 George Street  
Sydney NSW 2000  
GPO Box 2525  
Sydney NSW 2001  
Phone 61 2 9259 0200

'There is room for some upward surprise in certain sectors as Australia's economy remains relatively resilient'

## Performance Review

Fund performance for August 2023 was +0.04% (net of fees) versus the benchmark return of -1.30%. The benchmark is a composite, 70% of the S&P/ASX MidCap 50 Accumulation Index and 30% of the S&P/ASX Small Ordinaries Accumulation Index.

At a sector level, the overweight position in the Energy sector added to relative performance. The underweight positions in the Consumer Staples, Health Care and Real Estate sectors also added value. Conversely, the overweight positions in the Materials, Financials, Information Technology and Utilities sectors detracted from performance. The underweight positions in the Industrials, Consumer Discretionary and Communication Services sectors also detracted value.

At a stock level, the overweight positions in AMP, Life360, Boss Energy, NextDC, Lynas Rare Earths, Paladin Energy and AUB Group contributed to relative performance. The nil positions in Alumina, Iluka Resources and Lendlease also added value. Conversely, the overweight positions in Webjet, Block, AGL Energy, WiseTech Global, Fletcher Building and Cleanaway Waste Management detracted from relative performance. The nil positions in Carsales.com, Altium, Domino's Pizza and Seven Group also detracted value.

## Market Review

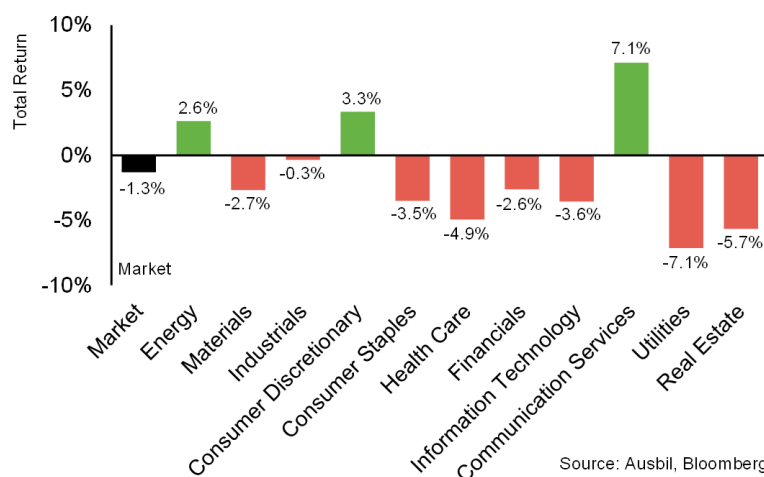
In August, markets were softer, delivering -1.30% for the month (Composite Benchmark comprising 70% S&P/ASX MidCap 50 and 30% S&P/ASX Small Ordinaries accumulation indices), bringing the trailing market 1-year return to +4.48%.

The full year reporting season for 2023 has just closed, with the majority of companies reporting returns for the 12 months to 30 June. The Reserve Bank held the cash rate steady for a third consecutive month and there was very little by the way of major macro events. The main focus for markets was on the earnings results, which highlighted the impact of higher borrowing costs, rising capex and other inflationary pressures. Despite these factors creating a drag on earnings growth in the aggregate, we continue to believe there are attractive pockets of growth in this higher inflationary environment.

At a sector level, the negative sentiment was reflected in all sectors other than the Energy, Consumer Discretionary and Communication Services sectors.

## Sector returns – August 2023

70% MidCap 50 / 30% Small Ordinaries



Source: Ausbil, Bloomberg

## Fund Characteristics

Returns<sup>1</sup> as at 31 August 2023

Period	Fund Return <sup>1</sup> %	Bench- mark <sup>2</sup> %	Out/Under performance %
1 month	0.04	-1.30	1.34
3 months	5.68	3.59	2.09
6 months	5.53	3.83	1.70
1 year	4.62	4.48	0.14
2 years pa	-1.04	-0.38	-0.66
3 years pa	11.98	9.00	2.98
5 years pa	6.39	6.71	-0.32
7 years pa	7.92	8.67	-0.75
10 years pa	9.45	10.23	-0.79
15 years pa	7.48	6.40	1.08
20 years pa	10.70	8.93	1.77
Since inception pa Date: April 2002	10.53	8.96	1.58

## Top 10 Stock Holdings

Name	Fund %	Index <sup>2</sup> %	Tilt %
AMP	5.47	0.96	4.50
NextDC	5.04	1.82	3.22
Lynas Rare Earths	4.95	1.75	3.20
IGO	4.59	2.44	2.14
AGL Energy	4.48	1.73	2.75
WiseTech Global	4.07	3.18	0.88
Worley	3.94	1.70	2.24
Allkem	3.89	2.19	1.70
Evolution Mining	3.86	1.77	2.09
Aurizon	3.63	1.75	1.88

## Sector Tilts

Sector	Fund %	Index <sup>2</sup> %	Tilt %
Energy	13.48	5.47	8.01
Materials	26.44	21.19	5.25
Industrials	13.26	16.00	-2.74
Consumer Discretionary	4.81	9.46	-4.65
Consumer Staples	0.00	2.96	-2.96
Health Care	0.00	3.85	-3.85
Financials	16.62	13.62	3.00
Information Technology	11.94	9.33	2.61
Communication Services	2.72	7.36	-4.64
Utilities	4.48	1.73	2.75
Real Estate	1.10	9.03	-7.93
Cash	5.15	0.00	5.15
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

1. Fund returns are net of fees and gross of taxes.

2. The composite benchmark is 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index.



Subscribe to our monthly updates here

## Outlook

There is a distinct normalisation occurring in global monetary policy. Global cash rate policy pauses have seen an incremental extension on the proviso that new data could see additional rate hikes, and with warnings that inflation remains sticky, we view the risks as asymmetric. In this context, central banks are taking a pause, will assess the incoming data and will move if needed.

The economy is slowing as expected. However, Ausbil believes that Australia will outperform peers in the context of the overall slowing in world economic growth because of the global demand for natural resources in which Australia is a global leader. Low unemployment, record levels of household savings, strong terms of trade, structural support for commodity prices, and net migration all support this view. There are signs of rising wages, but so far these are not seen as driving a wage-price spiral.

In this environment, we believe earnings growth will be harder to find. Compared to the stellar earnings growth experienced post the COVID reopening in FY21/22, nearer term earnings growth is likely to stabilise. However, there is room for some upward surprise in certain sectors as Australia's economy remains relatively resilient and is operating near full employment.

Ausbil Investment  
Management Limited  
Level 27  
225 George Street  
Sydney NSW 2000  
Australia  
Toll Free 1800 287 245

Unless otherwise specified, any information contained in this publication is current as at the date of this report and is prepared by Ausbil Investment Management Limited (ABN 26 076 316 473 AFSL 229722) (Ausbil). Ausbil is the issuer of the Ausbil Australian Emerging Leaders Fund (ARSN 089 995 442) (Fund). This report contains general information only and the information provided is factual only and does not constitute financial product advice. It does not take account of your individual objectives, financial situation or needs. Before acting on it, you should seek independent financial and tax advice about its appropriateness to your objectives, financial situation and needs. Securities and sectors mentioned in this monthly report are presented to illustrate companies and sectors in which the Fund has invested and should not be considered a recommendation to purchase, sell or hold any particular security. Holdings are subject to change daily. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Past performance is not a reliable indicator of future performance. Unless otherwise stated, performance figures are calculated net of fees and assume distributions are reinvested. Due to rounding the figures in the holdings, breakdowns may not add up to 100%. No guarantee or warranty is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained herein (any of which may change without notice) and should not be relied upon as a representation express or implied as to any future or current matter. You should consider the Product Disclosure Statement which is available at [www.ausbil.com.au](https://www.ausbil.com.au) and the target market determination which is available at <https://www.ausbil.com.au/invest-with-us/design-and-distribution-obligations/fund-tmtds> before acquiring or investing in the fund.

Contactus@  
[ausbil.com.au](https://www.ausbil.com.au)

**ausbil**  
Strength. Wisdom. Agility.

